Annual Report & Accounts

FOR THE YEAR TO 31 MARCH 2017

AorTech INTERNATIONAL PLC

Aortech International Plc.
CONTENTS

Aortech International Plc.
BOARD OF DIRECTORS AND ADVISORS

DIRECTORS

W Brown	*Chairman*
J McKenna	*non-Executive Director*
G Wright	*non-Executive Director*

COMPANY SECRETARY

J C D Parsons ACIS

REGISTERED OFFICE

c/o Kergan Stewart LLP — *163 Bath Street Glasgow G2 4SQ*

HEAD OFFICE

Level Two Springfield House 23 Oatlands Drive Weybridge
Surrey KT13 9LZ
web: www.aortech.net email: info@aortech.net

NOMINATED ADVISER AND BROKER

finnCap Ltd — *60 New Broad Street London EC2M 1JJ*

REGISTRARS

Equiniti Limited — *Aspect House*
Lancing West Sussex BN99 6DA

INDEPENDENT AUDITOR

Grant Thornton UK LLP — *statutory auditor chartered accountants*
Regent House 80 Regent Road
Leicester LE1 7NH

REGISTERED IN SCOTLAND COMPANY NO.SC170071

Financial statements will be circulated to Shareholders and copies of the announcement will be made available from the Company's registered office. Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

Aortech International Plc.
CHAIRMAN'S STATEMENT

In the year to 31 March 2017, AorTech's revenues were reduced to $614,000 (2016: $901,000) over the full year; however the second half year witnessed sales which were approximately 50% higher than those achieved at the interim stage. AorTech generated a profit of $55,000 before the amortisation of intangible assets (2016: loss of $263,000). After amortisation of intangible assets (depreciation of Intellectual Property) of $292,000, the Company incurred an operating loss of $237,000 - less than half that incurred during the previous year (2016: $575,000).

The Board continued to maintain a close control over costs with administration expenses for the year being less than half those incurred during the previous year, although the change in the Sterling/US Dollar exchange rate contributed to that reduction.

The net current assets (total current assets less total current liabilities) remained relatively stable at $404,000 compared to $392,000 last year. Within this figure however there was a fall of $200,000 in the cash position which stood at $114,000 at the year end. The fall in cash was mostly offset by an increase in receivables and as expected, the cash position has increased since the year end.

LICENSEES

Over the years, AorTech has signed a number of licences to allow AorTech polymer intellectual property to be incorporated into medical devices. A number of devices are marketed which utilise the benefits of Elast-Eon™ polymers; these include cardiac rhythm management pacing leads, coronary artery stents, neuro stimulation devices, catheters and urology stents. In all applications, the material is performing well and delivering the bio-stability of silicone together with the mechanical properties of urethane. Our manufacturing licensee, Biomerics concluded a licence for Elast-Eon™ earlier this year together with a long term supply agreement. There are currently a number of companies evaluating Elast-Eon™ which if succesful may lead to other licences. Biomerics adopts a different approach to licensing to that which AorTech has historically pursued. AorTech signed a number of licences with very small/development companies long before products were ready for market launch. As a result, other than annual maintenance fees, the revenues from those licences depended upon future product launches. By contrast, Biomerics is focussed on volume supply and near term success.

Some historic licences signed by the Company have not generated value for AorTech and have only resulted in the Elast-Eon™ material not being exploited in the field of the licence. An example of this was the licence for breast implants signed in 2011. Since that time, AorTech's technology has not been incorporated into any new device nor generated any revenue for AorTech despite maintaining an IP portfolio in this arena. Your Board still believes there to be substantial benefits in utilising Elast-Eon™ technology in cosmetic and reconstructive surgery and as a result recently terminated this licence in order to pursue other opportunities in the field.

In a similar manner, we have sought to withdraw from non-performing licences. We recently served notice of termination on CardioSolutions, Inc which had licenced polymer for use in heart valve repair, as two annual minimum payments had been missed.

ONGOING LITIGATION

As shareholders are aware, AorTech has been embroiled in long-running litigation against its former CEO and related parties. The Court recently heard four motions for partial summary judgement. One of these motions was brought by AorTech against Mr Frank Maguire seeking judgement on Mr Maguire's breach of his service agreement. The other three motions for partial summary judgement were brought by defendants after the AorTech motion was briefed. These motions included a cross motion seeking denial of AorTech's motion on Mr Maguire's breach of contract; a motion seeking summary judgement on an alleged breach by AorTech of a consulting agreement with Mr Maguire, and a motion seeking summary judgement on alleged non-payment of travel expenses incurred by Mr Maguire a number of years prior to his resignation. At the time of writing, the Court has still to issue its rulings on these motions together with two other motions for partial summary judgement heard nearly two years ago.

A significant amount of work has been undertaken, yet due to the confidentiality of the process and the materials shared with the Court, very little detail can be reported to shareholders.

AorTech remains confident in its position and is committed to pursuing justice on behalf of shareholders.

BOARD CHANGES

Mr Eddie McDaid retired as Chief Executive Officer and a Director last October. Your Board wishes to express its gratitude to Mr McDaid for his dedication and hard work and to wish him a long and happy retirement.

The vacancy on the Board created by Eddie's retirement was filled by the appointment of John McKenna as a Non-executive Director.

CONCLUSION

Despite the fall in revenue over the year, the overall quality and maintainability of sales is much better year on year. A new revenue-generating licence has been signed and enquiries have increased markedly. We have taken back control of our breast implant IP and are actively pursuing opportunities to exploit this alongside our other intellectual property, including heart valves and polymers.

W BROWN
Chairman
15 August 2017

DEFINITIONS

"ARTICLES"
the Articles of Association of the Company as at the date of this document;

"DEFERRED SHARES"
the 4,832,778 non voting deferred shares of 245 pence each in the capital of the Company created as part of the Share Capital Reorganisation;

"EXISTING ORDINARY SHARES"
the 5,557,695 Ordinary Shares of 5 pence each in issue as at the date of this document;

"NEW ORDINARY SHARES"
the ordinary shares of 5 pence each in the capital of the Company created by the Share Capital Reorganisation;

"SHARE CAPITAL REORGANISATION"
the share capital reorganisation (approved by Shareholders at the 2015 Annual General Meeting)

Aortech International Plc.

OPERATING AND FINANCIAL REVIEW

PRINCIPAL ACTIVITIES

The Company is an Intellectual Property (IP) holding company whose principal activitiy is exploiting the value of its IP and know-how.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The consolidated Income Statement is set out on page 18 indicating the Group's loss for the financial year of US$237,000 (2016: loss of US$604,000) which will be deducted from the reserves.

On a Group basis, the business review and future prospects are contained within the Chairman's Statement on pages 4 and 5. The Directors consider the Group's financial key performance indicators to be revenue growth, control of operating expenses and the pre tax result. In addition the Directors consider the Group's non financial key performance indicators to be the successful utilisation of patents and know-how by existing licensees and the signing of new licence agreements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider the principal risks and uncertainties facing the Group at this stage of its development to be as follows: the success rate of several key customers utilising our products in various medical device fields; small customer base generating revenues; retention of key management; any adverse results which may arise during development and regulatory phases; product liability risks; competitive markets with changing technology and evolving industry standards. All of the above risks and uncertainties are considered fundamental to the achievement of the Group's strategy as an IP focussed business and are being actively managed at Board level. Along with the internal control environment process as detailed on page 8, mitigation of these risks include: regular review of new market opportunities; active management of licensees; review of Board skills and remuneration packages (as explained in the Remuneration Report) and appropriate structuring of licence agreements to mitigate product liability risk.

No dividends have been paid or proposed for the years ended 31 March 2017 and 31 March 2016.

FINANCIAL RISKS

The financial risks faced by the Group are as follows:

MARKET RISK

Market risk encompasses two types of risk, being currency risk and fair value interest rate risk. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the sub-section entitled "interest rate risk" below.

CURRENCY RISK

The Group is exposed to translation and transaction foreign exchange risk. The majority of the Group's sales are to customers in the United States. These sales are priced and invoiced in US dollars. The Group policy is to try to match the timing of the settling of these sales and purchase invoices so as to eliminate, as far as possible, currency exposures.

The tables below show the extent to which the Group has residual financial assets and liabilities in foreign currencies (GB Pounds). Foreign exchange differences on retranslation of these assets and liabilities are taken to profit or loss of the Group, other than in respect of the retranslation of foreign subsidiary balances arising on consolidation and parent company equity balances which are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

	GB Pounds US$000
2017	
US Dollars	**69**
2016	
US Dollars	36

LIQUIDITY RISK

The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. As disclosed within the Report of the Directors, the Directors have set out their assessment of why they believe the Group continues to remain a going concern, including the assumptions they have made in this regard.

INTEREST RATE RISK

The Group finances its operations through retained cash reserves, and seeks to strike a balance between liquidity and maximising the return on funds. Cash holdings are regularly reviewed by the Board.

The interest rate exposure of the financial assets and liabilities of the Group as at 31 March 2017 is shown in the table below. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

	INTEREST RATE			
	Fixed	Floating	Zero	Total
	US$000	US$000	US$000	US$000
Financial assets				
Cash and cash equivalents	-	5	109	114
Trade and other receivables	-	-	392	392
	-	5	501	506
Financial liabilities				
Liabilities at amortised cost	-	-	102	102
Fair value through profit or loss	-	-	-	-
	-	-	102	102

CREDIT RISK

The Group's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade receivables. The Directors regularly review the profile of trade receivables to minimise the Group's exposure to bad debts.

CAPITAL MANAGEMENT OBJECTIVES

The Directors' capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders. The parent company's Board meets regularly to review performance and discuss future opportunities and threats with the aim of optimising sustainable returns and minimising risk. Capital in the business is represented by the Company's ordinary share capital. Success in meeting the capital management objectives are assessed by reference to the Group's profitability, and, in turn, its share price.

J C D PARSONS *ACIS*
Company Secretary

AorTech International plc
Company number SC170071
Weybridge

Aortech International Plc.
GOVERNANCE

We do not comply with the UK Corporate Governance Code and we are not required to. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Company and best practice.

CORPORATE GOVERNANCE

The Group currently has a reduced Corporate Governance structure, reflecting the present stage of development, the size of the business and the Directors' assessment of the cost / benefit balance of full Corporate Governance. The situation will, however, continue to be kept under review in the light of ongoing corporate developments and scaling up of activities.

DIRECTORS

The Company is controlled by the Board of Directors which, at 31 March 2017, comprised one Executive and two non-Executive Directors. All Directors are able to take independent advice in furtherance of their duties if necessary.

ACCOUNTABILITY AND AUDIT

The Board includes a detailed review of the performance of the Group in the Chairman's Statement on pages 4 and 5. Reading this alongside the Strategic Report and the Report of the Directors on pages 6 to 7 and 12 to 14 the Board seeks to present a balanced and understandable assessment of the Group's position and prospects.

INTERNAL CONTROL

The Board has formalised the review and reporting of the main internal controls within the business. In previous periods, the Directors commissioned a risk review exercise in the course of which the key risk factors facing the Group were identified. These areas included regulatory, research and development, commercial, human resources and information technology. The Board will continue to review the system of internal controls within the Group.

The Board of Directors is responsible for the Group's system of financial controls. However, it should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

The principal elements of the system include:

- *A clearly defined structure which delegates authority, responsibility and accountability.*
- *A comprehensive system for reporting financial results. Actual results are measured monthly against budget which together with a commentary on variances and other unusual items allows the Board to monitor the Group's performance on a regular basis.*
- *A comprehensive annual planning and budgeting programme.*
- *A revision of annual forecasts on a periodic basis.*

There is no independent internal audit function. The Directors believe that such a function would not be cost effective given the current size of the Group but they will continue to monitor the situation as the Group goes forward. The Board has reviewed the effectiveness of the system of internal controls as outlined above and considers the Group has an established system which the Directors believe to be appropriate to the business.

AUDIT COMMITTEE

The Audit Committee, comprising the Directors and chaired by W Brown, meets at least twice per year and oversees the monitoring of the Group's internal controls, accounting policies, financial reporting and provides a forum through which the external auditor reports, as well as ensuring the auditor remains independent of the Company.

Aortech International Plc.
REPORT OF THE REMUNERATION COMMITTEE

This report meets the relevant requirements of the AIM Rules and describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. In accordance with best practice, notwithstanding that these regulations do not apply to AIM companies, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

REMUNERATION COMMITTEE

At 31 March 2017 the Remuneration Committee comprised the non-Executive Directors as follows:

G WRIGHT (CHAIRMAN)
J MCKENNA

As appropriate, the Committee may invite the Chief Executive to participate in some of its discussions. No Director plays a part in any discussion about his own remuneration.

The Committee is responsible for determining the terms and conditions of employment of Executive Directors. It is also responsible for considering management recommendations for remuneration and employment terms of the Group's staff, including incentive arrangements for bonus payments and grants of share options.

When setting its remuneration policy the Committee gives full consideration to the provisions and principles of the Code. In setting the policy it considers a number of factors including:

- *The basic salaries and benefits available to executive Directors and senior management of comparable companies.*
- *The need to attract and retain Directors of an appropriate calibre.*
- *The need to ensure Executive Directors' commitment to the future success of the Group by means of incentive schemes.*

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration of the non-Executive Directors is determined by the Board with reference to the annual survey of independent Directors carried out by Independent Remuneration Solutions.

The non-Executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any of the bonus schemes.

The non-Executive Directors have service agreements, which are reviewed by the Board annually, and they are also included in the one third of Directors subject to retirement by rotation at each Annual General Meeting.

REMUNERATION OF EXECUTIVE DIRECTORS

The Executive Director has a service contract, which can be terminated on three months' notice by either party. The Remuneration Committee will review each case of early termination individually in order to ensure compensation settlements are made which are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded. The most recent executed contract for the Executive Directors was for E McDaid on 10 May 2016; Mr McDaid has since resigned. The Company's remuneration policy for Executive Directors is to have regard to the individual's experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality.

SALARIES AND BENEFITS

The Remuneration Committee meets twice each year to consider and set the annual salaries and benefits for the Executive Director, having regard to personal performance and independent advice concerning comparable organisations.

SHARE OPTIONS

The Company formerly operated an Approved Share Option Scheme and an Unapproved Share Option Scheme. These schemes were closed in the prior year with the remaining Option holders having agreed to waive their rights under the Schemes. The Group had not recognised any expense related to equity-settled share based payment transactions in prior years on the grounds that the charge was not material.

PENSIONS

The Group made no contributions to a personal or Company pension plan during the year under review.

Aortech International Plc.

REPORT OF THE REMUNERATION COMMITTEE CONTINUED

DIRECTORS' EMOLUMENTS - AUDITED

Details of individual Director's emoluments for the year are as follows:

			2017	2016
	Salary &fees US$	Pension contributions US$	Total US$	Total US$
Executive				
E McDaid	13,132	-	13,132	90,044
W Brown	65,658		65,658	-
Non-executive				
W Brown	7,879	7,879	60,029	
E McDaid	19,697		19,697	
G Wright	23,63	-	23,637	25,512
J McKenna	9,849		9,849	
R Mitchell	-	-	-	9,004
	139,852	-	139,852	184,589

R Mitchell resigned as a Director on 31 May 2015. E McDaid resigned as a Director on 31 October 2016.
J McKenna was appointed as a Director on 31 October 2016.

GOVERNANCE

W Brown is employed by Bluehone Investors LLP ('Bluehone') in the provision of services to the Company. All of the emoluments of W Brown above are represented by payments made by the Company to Bluehone in respect of these services.

J McKenna is employed by John McKenna (1953) Ltd in the provision of services to the Company. All of the emoluments of J McKenna above are represented by payments made by the Company to John McKenna (1953) Ltd in respect of these services.

DIRECTORS' INTERESTS IN SHARES

The interests of Directors in shares of the Company are included in the Report of the Directors on page 11.

DIRECTORS' INTERESTS IN SHARE OPTIONS

No Director holds share options.

On behalf of the Board

G WRIGHT
Chairman of the Remuneration Committee

Aortech International Plc.
REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2017.

GOING CONCERN

After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts to 31 March 2023, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason the Directors consider the adoption of the going concern basis in preparing the Consolidated financial statements is appropriate.

The future developments of the Group are detailed in the Chairman's Statement on pages 4 and 5.

DIRECTORS AND THEIR INTERESTS

At 31 March 2017 the Chairman and Chief Executive Officer of the Company was W Brown, and the non-Executive Directors were J McKenna and G Wright.

At each Annual General Meeting one third of the Directors shall be subject to retirement by rotation. W Brown retires from the Board at the Annual General Meeting and, being eligible, offers himself for re-election.

The interests of the Directors at 31 March 2017 and 31 March 2016 in the ordinary share capital of the Company (all beneficially held) were as follows:

	31 March 2017 Number of shares	31March 2016 Number of shares
E McDaid		406,842
G Wright	**308,311**	308,311
W Brown	**11,982**	11,982
J McKenna	**8,785**	-

E McDaid resigned as a Director on 31 October 2016. J McKenna was appointed as a Director on 31 October 2016.

SUBSTANTIAL SHAREHOLDERS

With the exception of the following shareholdings the Directors have not been advised of any individual interest or group of interests held by persons acting together which at 24 July 2017 exceeded 3% of the Company's issued share capital:

	Number of shares	%
Mr Richard I Griffiths	**812,294**	14.62%
Mr Edward McDaid	**381,842**	6.87%
Halifax Share Dealing Private Client Broker	**339,913**	6.12%
Caricature Investments Limited*	**308,311**	5.55%
Mr Roy Mitchell	**304,419**	5.48%
Mr James Ede-Golightly	**280,956**	5.06%
Mr Clive Titcomb	**263,919**	4.75%
Charles Stanley Private Client Broker	**212,651**	3.83%

**Caricature Investments Limited is a company wholly owned by G Wright, a Director of the Company.*
The percentage of shares not in public hands (as defined in the AIM rules) at 24 July 2017 was 5.92%

Aortech International Plc.
REPORT OF THE DIRECTORS CONTINUED

INFORMATION CONTAINED WITHIN THE STRATEGIC REPORT

The Directors have taken the option to include disclosures in relation to financial risk and dividends within the Strategic Report on pages 6 and 7 as these are deemed to have strategic importance to the Group.

DIRECTORS' INDEMNITY

The Group maintains Directors and Officers liability insurance which gives appropriate cover against any legal action that may be brought against them.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting for 11:00am on Wednesday, 27 September 2017 in the offices of Kergan Stewart LLP, 163 Bath Street, Glasgow G2 4SQ is set out on page 40. There are a number of resolutions to be passed and further information in relation to these resolutions is set out below.

RESOLUTIONS 1 TO 6

Resolution 1 provides for the approval of the Company's financial statements for the year ended 31 March 2017. *Resolution 2* provides for approval of the Report of the Remuneration Committee for the year ended 31 March 2017. The vote is advisory and the Directors entitlement to remuneration is not conditional on the resolution being passed. *Resolution 3* deals with the re-appointment of the Director required by the Company's Articles of Association to retire this year.
Resolution 4 deals with the formal appointment of John McKenna to the Board, as required by Article 100 of the Company's Articles of Association. *Resolution 5* deals with the re-appointment of Grant Thornton UK LLP as the Company's auditor. Following assessment by the Audit Committee the Board considers the auditor to be effective and independent in their role.

Resolution 6 provides under the Companies Act 2006 (Section 551) the Directors of a company may only allot shares if authorised to do so. Passing this Resolution will continue the Directors' flexibility to act in the best interests of shareholders when opportunities arise by issuing new shares. In Resolution 6 the Company is seeking authority to allot shares with a nominal value of up to £92,628 which represents one third of the Company's issued ordinary share capital. The Directors intend to use this authority, which will lapse at the conclusion of the next Annual General Meeting of the Company, for general corporate purposes.

Resolution 7 provides if shares are to be alloted for cash, the Companies Act 2006 requires that those shares are offered first to the existing shareholders in proportion to the number of shares they hold at the time of the offer. However, it may sometimes be in the interests of the Company for the Directors to allot shares other than to shareholders in proportion to their existing holdings. At last year's Annual General Meeting shareholders authorised the Board, subject to specified limits:

- *to allot shares in connection with a rights issue, defined in summary as an offer of equity securities to shareholders which is open for a period decided by the Board subject to any limits or restrictions which the Board thinks are necessary or appropriate.*
- *to allot shares persuant to the rules of any share scheme approved by the shareholders in general meeting.*
- *to allot shares not in connection with a rights issue up to a specific amount so that the pre-emption requirement does not apply to the allotments of shares for cash up to that amount.*

This authority is required to be renewed annually. The Directors will be empowered by Resolution 7 to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash without complying with the statutory pre-emption rights of shareholders under section 561 of the Companies Act 2006, up to a maximum nominal amount of approximately £13,894. This disapplication is limited to allotments made to ordinary shareholders and holders of any other class of equity security in proportion (as nearly as may be) to their holdings and, otherwise, to allotments up to a maximum of 5% of the Company's issued ordinary share capital.

There are no current plans to allot shares.

Resolutions 1 to 5 are termed ordinary business. Resolutions 6 and 7 are termed special business.

J C D PARSONS *ACIS*
Company Secretary

AorTech International plc
Company number SC170071
Weybridge
15 August 2017

RECOMMENDATION:

An explanation of the resolutions to be proposed is set out on page 14 of this document. The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Aortech International Plc.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report and Directors' Report, the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Laws including FRS 101 "Reduced Disclosure Framework") and to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and group for that period. In preparing these financial statements, the Directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and accounting estimates that are reasonable and prudent;*
- *state whether applicable UK Accounting Standards and IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- *so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and*
- *the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.*

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD:

J C D PARSONS ***ACIS***
Company Secretary
Weybridge
15 August 2017

Aortech International Plc.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AORTECH INTERNATIONAL PLC

We have audited the Consolidated financial statements of AorTech International Plc for the year ended 31 March 2017 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the Directors are responsible for the preparation of the Consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Consolidated financial statements:

- *give a true and fair view of the state of the Group's affairs as at 31 March 2017 and of its loss for the year then ended;*
- *have been properly prepared in accordance with IFRSs as adopted by the European Union; and*
- *have been prepared in accordance with the requirements of the Companies Act 2006.*

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- *the information given in the Strategic Report and the Report of the Directors for the financial year for which the Consolidated financial statements are prepared is consistent with the Consolidated financial statements.*
- *The Strategic Report and the Report of the Directors has been prepared in accordance with applicable legal requirements.*

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Report of the Directors.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- *certain disclosures of Directors' remuneration specified by law are not made;*
- *or we have not received all the information and explanations we require for our audit.*

OTHER MATTER

We have reported separately on the parent company financial statements of AorTech International Plc for the year ended 31 March 2017.

CHRISTOPHER FROSTWICK, SENIOR STATUTORY AUDITOR
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
East Midlands

15 August 2017

Aortech International Plc.

CONSOLIDATED INCOME STATEMENT

		YEAR ENDED 31 MARCH 2017			YEAR ENDED 31 MARCH 2016		
	Notes	Pre-exceptional items US$000	Exceptional items US$000	Total US$000	Pre-exceptional items US$000	Exceptional items US$000	Total US$000
Revenue	3	614	-	614	751	-	751
Other income		-	-	-	150	-	150
Administrative expenses		(571)	12	(559)	(1,084)	(80)	(1,164)
Other expenses - amortisation of intangible assets	11	(292)	-	(292)	(312)	-	(312)
Operating loss	3	(249)	12	(237)	(495)	(80)	(575)
Finance (expense) / income	8	-	-	-	-	(29)	(29)
Loss from continuing operations attributable to owners of the parent company	5	(249)	12	(237)	(495)	(109)	(604)
Loss attributable to owners of the parent company		(249)	12	(237)	(495)	(109)	(604)
Loss per share							
Basic and diluted (US cents per share)	10			(4.27)			(12.00)

Aortech International Plc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2017 US$000	Year ended 31 March 2016 US$000
Loss for the year	**(237)**	(604)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit and loss		
Exchange differences	**(2,329)**	(586)
Items that will be reclassified subsequently to profit and loss		
Exchange differences	**2,125**	551
Other comprehensive income for the year, net of tax	**(204)**	(35)
Total comprehensive income for the year, attributable to owners of the parent company	**(441)**	(639)

Aortech International Plc.
CONSOLIDATED BALANCE SHEET

	Notes	31 March 2017 US$000	31 March 2016 US$000
Assets			
Non current assets			
Intangible assets	11	914	1,367
Total non current assets		914	1,367
Current assets			
Trade and other receivables	13	392	243
Cash and cash equivalents	14	114	314
Total current assets		506	557
Total assets		1,420	1,924
Liabilities			
Current liabilities			
Trade and other payables	15	(102)	(165)
Total current liabilities		(102)	(165)
Total liabilities		(102)	(165)
Net assets		1,318	1,759
Equity			
Issued capital	17	15,189	17,426
Share premium	17	3,133	3,595
Other reserve		(2,511)	(2,881)
Foreign exchange reserve		8,752	6,627
Profit and loss account		(23,245)	(23,008)
Total equity attributable to equity holders of the parent		1,318	1,759

The Consolidated financial statements were approved by the Board on 15 August 2017 and were signed on its behalf by

W BROWN, *Chairman*
G WRIGHT, *Director*

Company number SC170071

Aortech International Plc.

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2017	Year ended 31 March 2016
	US$000	US$000
Cash flows from operating activities		
Group loss after tax	**(237)**	(604)
Adjustments for:		
Amortisation of intangible assets	**292**	312
Finance expense / (income)	**-**	29
(Increase) / decrease in trade and other receivables	**(149)**	494
Decrease in trade and other payables	**(106)**	(109)
Net cash flow from continuing operations	**(200)**	122
Net cash flow from operating activities	**(200)**	122
Cash flows from investing activities		
Purchase of intangible assets	**-**	(168)
Net cash flow from continuing operations	**-**	(168)
Net cash flow from investing activities	**-**	(168)
Net cash flow from financing activities	**-**	-
Net decrease in cash and cash equivalents	**(200)**	(46)
Cash and cash equivalents at beginning of year	**314**	360
Cash and cash equivalents at end of year	**114**	314

Aortech International Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share capital US$000	Share premium US$000	Other reserve US$000	Foreign exchange reserve US$000	Profit and loss account US$000	Total equity US$000
Balance at 31 March 2015	**17,937**	**3,474**	**(2,974)**	**6,076**	**(22,115)**	**2,398**
Changes in equity						
Issue of equity share capital	54	235	-	-	(289)	-
Transactions with owners	54	235	-	-	(289)	-
Loss for the year	-	-	-	-	(604)	(604)
Other comprehensive income						
Exchange difference on translating foreign operations	(565)	(114)	93	551	-	(35)
Total comprehensive income for the year	(565)	(114)	93	551	(604)	(639)
Balance at 31 March 2016	**17,426**	**3,595**	**(2,881)**	**6,627**	**(23,008)**	**1,759**
Transactions with owners	-	-	-	-	-	-
Loss for the year	-	-	-	-	(237)	(237)
Other comprehensive income						
Exchange difference on translating foreign operations	(2,237)	(462)	370	2,125	-	(204)
Total comprehensive income for the year	(2,237)	(462)	370	2,125	(237)	(441)
Balance at 31 March 2017	**15,189**	**3,133**	**(2,511)**	**8,752**	**(23,245)**	**1,318**

Aortech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

General information

AorTech International plc is the ultimate parent company of the Group, whose principal activities comprise exploiting the value of its IP and know-how.

AorTech International plc is incorporated and domiciled in the UK and its registered office is c/o Kergan Stewart LLP, 163 Bath Street, Glasgow, G2 4SQ.

Basis of preparation

The Consolidated financial statements are for the year ended 31 March 2017. They have been prepared in compliance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 March 2017.

The Consolidated financial statements have been prepared under the historical cost convention.

The accounting policies remain unchanged from the previous year.

Going concern

After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts to 31 March 2023, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason the Directors consider the adoption of the going concern basis in preparing the Consolidated financial statements is appropriate.

Changes in accounting policies

Standards, amendments and interpretations to existing standards that are not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. None of these new standards, amendments and interpretations, based on an initial analysis are expected to have a significant impact on the Group's financial statements based on current agreements in place and activity. The Group will continue to monitor the impact of those new standards, particularly IFRS 15 if new customer agreements are entered into or Group activity changes.

New accounting standards issued but not adopted:

- *IFRS 9 Financial Instruments (2014)*
  (effective date 1 January 2018)
- *IFRS 15 Revenues from contracts with customers*
  (change to IASB effective date 1 January 2018)
- *IFRS 16 Leases*
  (effective date 1 January 2019)

Presentational currency

The Group's revenues, profits and cash flows are primarily generated in US dollars, and are expected to remain principally denominated in US dollars in the future.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

The Consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Revenue

Revenue is measured at the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts, as follows:

Licence fees: Upfront payments in respect of licence revenues for access by third parties to the Group's technology are recognised as revenue once a third party has a binding contractual obligation to the Group based on the specific contract terms and the Group has no remaining obligations to perform. Where revenue recognised is based on minimum royalty levels, such revenue is treated as being inherent in the licence, disclosed as licence fee income and recognised consistent with royalty income as detailed below.

Royalty revenues: Royalty revenues are recognised as earned in accordance with third parties' sales of the underlying products.

Interest

Interest income is the interest earned on cash or cash equivalents held with the Group's bankers and recognised within the period earned, accrued on a time basis by reference to the principal outstanding and at the effective rate applicable.

Exceptional items
Items considered significant by virtue of their size or nature are separately disclosed on the face of the Income Statement to enable a full understanding of the underlying performance of the Group.

Intangible assets

(a) Patents and trademarks (intellectual property):

Patents and trademarks (intellectual property) are included at cost and are amortised on a straight line basis over their useful economic lives of 20 years, which corresponds to the lives of the individual patents.

(b) Research and development:

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate all of the following:

- *the technical feasibility of the intangible asset so that it will be available for use or sale. In practice this will be when the Group is satisfied that the appropriate regulatory hurdles have been or will be achieved.*
- *its intention to complete and its ability to use or sell the asset.*
- *how the asset will generate future economic benefits.*
- *the availability of economic resources to complete the asset.*
- *the ability to measure the expenditure during development.*

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future sales. Assets are tested for impairment when an impairment trigger occurs.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date.

Development costs capitalised during the year are being amortised over their useful economic lives of five years.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss. The gain or loss arising from the sale or revaluation of held for sale assets is included in "other income" or "other expense" in the income statement.

Impairment testing of intangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Individual assets or cash-generating units that include intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Aortech International Plc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Financial assets

Financial assets fall into the following category: Loans and receivables.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An assessment for impairment is undertaken at least at each balance sheet date.

Cash and cash equivalents comprise cash on hand and demand deposits together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities fall into the following category: Financial liabilities at amortised cost.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial liabilities at amortised cost (trade payables and accruals) are subsequently recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the income statement. Finance charges are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Taxation

Current tax is the tax currently payable based on taxable profit for the accounting period.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity. Tax which relates to items recognised in other comprehensive income is recognised in other comprehensive income.

Equity

Equity comprises the following:

“Issued capital” represents the nominal value of equity shares.

"*Share premium*" represents the excess over nominal value of the fair value of cash consideration received for equity shares, net of expenses of the share issue.

"*Other reserve*" represents the difference arising on consolidation between the nominal value of AorTech International Plc shares issued (£3,206,884) and the nominal value of AorTech Biomaterials Ltd (formerly AorTech Europe Ltd) shares acquired (£1,001,884) and the associated share premium account (£201,857) in the company. This acquisition was prior to the transition to IFRS.

"*Foreign exchange reserve*" represents the differences arising on consolidation and from the translation of the AorTech International Plc balance sheet into US$.

"*Profit and loss account*" represents retained profits.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency) which is the UK on the basis of where the cost base of the business is. The Company's functional currency is Sterling and the Group's presentational currency is US Dollars.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to other comprehensive income, otherwise such gains and losses are recognised in profit or loss.

The assets and liabilities in the financial statements of foreign subsidiaries and retranslation of the parent to the presentational currency, including equity items, are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the average of exchange rates in force at the end of each month of the reporting period. All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are reclassified from equity to profit or loss as a reclassification adjustment as part of the gain or loss on disposal.

The Group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies:

(a) Capitalisation of development costs requires detailed analysis of the technical feasibility and commercial viability of the project. The Board regularly reviews this judgement in respect of specific development projects.

(b) The Directors must judge whether future profitability is likely in making the decision whether or not to recognise a deferred tax asset. At this stage the timing of future profits is insufficiently certain to warrant inclusion of a deferred tax asset.

(c) Identification of functional currencies requires a judgement as to the economic environments of the subsidiaries of the Group and the selection of the presentational currency must reflect the requirements of the users of the financial statements.

(d) Revenue recognition requires the Directors to assess the terms of contracts and to determine whether specific obligations have been met before recognising revenue in relation to licence fees and milestone payments. In addition, the Directors have assessed whether any provision for impairment is necessary against receivables through the estimation of future cash flows in both financial years.

Sources of estimation uncertainty:

(a) Estimates are required as to intangible asset carrying values and impairment charges.

(b) Estimates of future profitability are required for the decision whether or not to create a deferred tax asset.

(c) Amortisation rates are based on estimates of the useful lives and residual values of the assets involved.

(d) Estimates as to recoverability of receivables, including future expected cash flows.

Aortech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3. SEGMENTAL REPORTING

The principal activity of the AorTech International Plc Group currently is exploiting the value of its IP and know-how. The Group's operating segment is based on geographical location of operations.

Analysis of revenue by products and services and by geographical area	**2017 US$000**	**2016** US$000
On sales from United Kingdom		
Licence fees – services	**125**	139
Royalty revenue	**489**	**612**
	614	751

During the year ended 31 March 2017, 28.0% of the Group's revenues depended upon a single customer (2016: 29.5%).
The majority of the Group's revenues are earned in the United States in both years.

	2017 US$000	2016 US$000
Analysis of result - operating loss		
Continuing operations		
United Kingdom	**(237)**	(575)
USA	**-**	-
Operating loss	**(237)**	(575)
Finance (expense) / income – all UK	**-**	(29)
Loss on continuing operations before taxation	**(237)**	(604)

The operating loss disclosure above is after charging amortisation of $292,000 (all UK) (2016: $312,000 (all UK)).

Analysis of non current assets by location	**2017 US$000**	**2016 US$000**
United Kingdom	**914**	1,367
USA	**-**	-
	914	1,367

4. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Key management personnel	**2017 US$000**	2016 US$000
Emoluments – short-term employee benefits	**140**	185
Pension costs – post-employment benefits	**-**	-
	140	185

The key management personnel whose remuneration is included in the table above for the current year and prior year comprise the three current Directors and one previous Director of the parent company.

Please see the Report of the Remuneration Committee on page 10 for full details of Directors' emoluments which have been audited.

Included in the aggregate emoluments for the year ended 31 March 2017 are payments of $83,000 (2016: $60,000) made by the Company to third parties. The highest paid Director's total emoluments were $73,000. (2016: $90,000). No pension contributions were paid during either year.

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging :	**2017 US$000**	2016 US$000
Foreign exchange differences	**(24)**	(58)
Amortisation of intangible assets	**292**	312
Employee benefits expense:		
Employee costs (Note 7)	**143**	200
Audit and non-audit services:		
Audit of the Accounts of any associate of the Company	**28**	33
Audit related assurance services	**3**	3
Taxation compliance services	**3**	3
All other taxation advisory services	**1**	11
All other assurance services	**2**	2

6. EXCEPTIONAL ITEMS

Exceptional items relate to the legal fees in relation to the departure of Frank Maguire (former CEO).

Aortech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

7. EMPLOYEES

	2017 US$000	2016 US$000
Employee costs (including Directors):		
Wages and salaries	**140**	185
Social security costs	**3**	15
	143	200

The average number of employees (including Directors) during the year was made up as follows:

	2017 Numbers	2016 Numbers
Administration	**3**	3
	3	3

8. FINANCE (EXPENSE) / INCOME

	YEAR ENDED 31 MARCH 2017			YEAR ENDED 31 MARCH 2016		
	Pre-exceptional items US$000	**Exceptional items US$000**	**Total US$000**	Pre-exceptional items US$000	Exceptional tems US$000	Total US$000
Change of control redemption premium	**-**	**-**	**-**	-	(29)	(29)
(Charge) / credit	**-**	**-**	**-**	-	(29)	(29)

9. INCOME TAX EXPENSE

No current tax or deferred tax expense arises on the loss for the year (2016: $nil).

The tax assessed for the year differs from the standard rate of corporation tax as applied in the respective trading domains where the Group operates.The differences are explained below:

	2017 US$000	2016 US$000
Loss for the year before tax	**(237)**	(604)
Loss for year multiplied by the respective standard rate of corporation tax applicable in each domain (average 20%) (2016: 20%)	**(47)**	(121)
Effects of:		
Expenses not deductible for tax purposes and other tax differences	**25**	51
Deferred tax not recognised	**(42)**	(68)
Adjust deferred tax to average rate	**64**	138
Tax on loss for the year	**-**	-

Unrelieved tax losses remain available to offset against future taxable profits. These losses have not been recognised as deferred tax assets within the financial statements as they do not meet the conditions required in accordance with IAS 12. Losses carried forward in the UK total $5,899,000 – tax effect is $1,003,000 (2016: $6,589,000 – tax effect $1,318,000). Losses in the USA total $nil (2016: $nil).

10. LOSS PER SHARE

	2017 US$000	2016 US$000
Loss for the year attributable to equity shareholders	**(237)**	(604)
Loss per share		
Basic and diluted (US cents per share)		
From continuing operations	**(4.27)**	(12.00)
	(4.27)	(12.00)
Shares		
Issued ordinary shares at start of the year	**5,557,695**	4,832,778
Issued ordinary shares at end of the year	**5,557,695**	5,557,695
Weighted average number of shares in issue for the year	**5,557,695**	5,032,823

11. INTANGIBLE ASSETS

	Development costs US$000	Intellectual property US$000	Total US$000
Gross carrying amount			
At 1 April 2015	291	4,729	5,020
Additions	168	-	168
Exchange differences	(8)	(148)	(156)
At 31 March 2016	451	4,581	5,032
Additions	-	-	-
Exchange differences	(58)	(588)	(646)
At 31 March 2017	**393**	**3,993**	**4,386**
Amortisation and impairment			
At 1 April 2015	68	3,406	3,474
Exchange differences	(5)	(116)	(121)
Charge for the year	73	239	312
At 31 March 2016	136	3,529	3,665
Exchange differences	(22)	(463)	(485)
Charge for the year	83	209	292
At 31 March 2017	**197**	**3,275**	**3,472**
Net book value			
At 31 March 2016	315	1,052	1,367
At 31 March 2017	**196**	**718**	**914**

Aortech International Plc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

12. FINANCIAL INSTRUMENTS

Risk management

The Group's financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and a change of control redemption premium. These arise directly from the Group's operations and it is the Group's policy that no trading in financial instruments shall be undertaken.

The Board reviews and agrees policies to manage risk to ensure that the entities within the Group will be able to continue as a going concern whilst maximising the return to stakeholders through the effective management of liquid resources raised through share issues.

Categories of financial instrument

	2017 US$000	2016 US$000
Financial assets – loans and receivables		
Cash and cash equivalents	**114**	314
Trade and other receivables	**143**	42
	257	356
Financial liabilities		
Liabilities at amortised cost	**(102)**	(165)
Fair value through profit or loss	**-**	-
	(102)	(165)

All amounts are short-term (all payable within six months) and their carrying values are considered reasonable approximations of fair value.

Foreign currency risk

The Group has non-trading Australian and US subsidiaries whose functional currencies are the Australian and US dollars along with the UK parent company whose functional currency is Sterling. Entities generally do not hold financial instruments in a currency other than their own functional currency, other than the UK parent company which has a trade receivable denominated in US dollars.

Cash balances are carried within the Group in bank accounts, which comprise the following currency holdings:

	2017 US$000	2016 US$000
Sterling	**69**	36
US Dollars	**45**	278
	114	314

The Group holds its cash balances in a mixture of Sterling and US dollars. As the Group reports in US dollars, there is translation risk in respect of such Sterling balances. Based on year-end balances held in Sterling, a 10% movement in the $ / £ exchange rate would have had a $7,000 (2016: $3,000) impact on net assets.

Interest rate risk

The Group finances its operations through equity fundraising and does not currently carry any borrowings, following the repayment of the loan notes during the year ended 31 March 2013.

The cash balances and short term deposits are held at both fixed and floating rates as follows:

	Interest rate %	**2017 US$000**	Interest rate %	2016 US$000
Cash	**0%**	**109**	0%	310
Short-term deposits	**0.25%**	**5**	0.25%	4
		114		314

Sensitivity analysis

If, for example, there had been a rise or fall of interest rates over the year of 1%, this would have resulted in an increase/decrease in profit and equity of $nil (2016: $nil), all other variables remaining constant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk in the case of both the cash and short term deposits is the value of the outstanding amount.

The Group has trade receivables resulting from sales and other receivables from provision of other services which the management consider to be of low risk other than the amounts due from two third parties where full provision has been made following a mediation and arbitration process. The management do not consider that there is any concentration of risk within either trade or other receivables, other than the amounts due from two third parties. The maximum exposure to credit risk on trade and other receivables is considered to be $30,000 (2016: $25,000).

Liquidity risk

The Group currently holds cash balances and short term deposits in Sterling and US dollars. These balances provide funding for the Group's trading activities. There is no material difference between the fair values and the book values of these financial instruments.

13. TRADE AND OTHER RECEIVABLES

	2017 US$000	2016 US$000
Current		
Trade receivables	**129**	25
Other receivables	**14**	17
Prepayments and accrued income	**249**	201
	392	243
Non-current		
Trade receivables	-	-

$60,000 (2016: $nil) of net trade and other receivables were past due for payment but not impaired at 31 March 2017, of which $nil (2015: $nil) was over 30 days and $60,000 (2016: $nil) was over 90 days. A provision of $449,000 (2016: $369,000) was recognised against trade receivables.

Included in the above is $221,000 (2016: $191,000) of accrued income.

Aortech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

14. CASH AND CASH EQUIVALENTS

	2017 US$000	2016 US$000
Cash at bank and in hand	**114**	314
	114	314

15. TRADE AND OTHER PAYABLES

	2017 US$000	2016 US$000
Current liabilities		
Trade payables	**8**	12
Accruals and deferred income	**94**	153
	102	165

Included in the above is $8,000 (2016: $9,000) of deferred income.

16. OPERATING LEASE COMMITMENTS

The Group had no commitments under non-cancellable operating leases at 31 March 2017 or 31 March 2016.

17. SHARE CAPITAL

Ordinary shares of 250 pence each

	Shares Number	Nominal Value US$000	Premium net of costs US$000	Total US$000
In issue at 1 April 2016	-	-	-	-
In issue at 31 March 2017	**-**	**-**	**-**	**-**

Ordinary shares of 5 pence each

	Shares Number	Nominal Value US$000	Premium net of costs US$000	Total US$000
In issue at 1 April 2016	5,557,695	400	296	696
In issue at 31 March 2017	**5,557,695**	**348**	**258**	**606**

Deferred shares of 245 pence each

	Shares Number	Nominal Value US$000	Premium net of costs US$000	Total US$000
In issue at 1 April 2016	4,832,778	17,026	3,299	20,325
In issue at 31 March 2017	**4,832,778**	**14,841**	**2,875**	**17,716**

At an EGM of Members held on 20 August 2007, the Company's authorised share capital was increased from £14,000,000 (US$27,762,000) comprising 5,600,000 Ordinary shares of £2.50 (US$4.96) each to £17,500,000 (US$34,702,500), comprising 7,000,000 shares of £2.50 (US$4.96) each.

At the AGM of Members held on 24 September 2015, the Members approved the Reorganisation of the Company's share capital by sub-dividing the existing 250 pence ordinary shares into 5 pence ordinary shares and 245 pence deferred shares. The share premium attached to the existing shares has followed the new shares. The deferred shares have limited rights including no voting rights. The deferred shares are not admitted or listed on any stock exchange.

Capital management objectives are set out in the Strategic Report on page 7.

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2017 or at 31 March 2016.

19. RELATED PARTY TRANSACTIONS

Related party transaction disclosures are included within the Report of the Remuneration Committee.

Aortech International Plc.
INDEPENDENT AUDITOR'S REPORT
ON THE PARENT COMPANY FINANCIAL STATEMENTS

We have audited the parent company financial statements of AorTech International Plc for the year ended 31 March 2017 which comprise the parent company balance sheet, the parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at *www.frc.org.uk/auditscopeukprivate*.

Opinion on financial statements

In our opinion the parent company financial statements:
- *give a true and fair view of the state of the Company's affairs as at 31 March 2017;*
- *have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- *have been prepared in accordance with the requirements of the Companies Act 2006*

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- *the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.*
- *The Strategic Report and the Report of the Directors has been prepared in accordance with applicable legal requirements*

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Report of the Directors

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- *adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or*
- *the parent company financial statements are not in agreement with the accounting records and returns; or*
- *certain disclosures of Directors' remuneration specified by law are not made; or*
- *we have not received all the information and explanations we require for our audit.*

Other matter

We have reported separately on the Consolidated financial statements of AorTech International Plc for the year ended 31 March 2017.

CHRISTOPHER FROSTWICK, SENIOR STATUTORY AUDITOR
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
East Midlands

15 August 2017

Aortech International Plc.

PARENT COMPANY BALANCE SHEET

	Notes	31 March 2017 £00	31 March 2016 £000
Assets			
Non current assets			
Intangible assets	**2**	**1,283**	1,888
Investment in subsidiary undertakings	**3**	**-**	-
Total non current assets		**1,283**	1,888
Current assets			
Trade and other receivables	**4**	**312**	169
Cash and cash equivalents		**91**	218
Total current assets		**403**	387
Total assets		**1,686**	2,275
Liabilties			
Current liabilities			
Trade and other payables	**5**	**(82)**	(115)
Total current liabilties		**(82)**	(115)
Total liabilities		**(82)**	(115)
Net assets		**1,604**	2,160
Equity			
Issued capital	**6**	**12,118**	12,118
Share premium		**2,500**	2,500
Profit and loss account		**(13,014)**	(12,458)
Total equity attributable to equity holders of the parent		**1,604**	2,160

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year ended 31 March 2017 was £556,000 (2016: loss of £830,000).

The parent company financial statements were approved by the Board on 15 August 2017 and were signed on its behalf by

W BROWN, *Chairman*
G WRIGHT, *Director*

Company number SC17007

Aortech International Plc.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Total Shareholders' funds
	£000	£000	£000	£000
At 1 April 2015	**12,082**	**2,340**	**(11,628)**	**2,794**
Changes in equity				
Issues of equity share capital	**36**	**160**	**-**	**196**
Transactions with owners	**36**	**160**	**-**	**196**
Loss and total comprehensive income for the year	**-**	**-**	**(830)**	**(830)**
At 31 March 2016	**12,118**	**2,500**	**(12,458)**	**2,160**
Loss and total comprehensive income for the year	**-**	**-**	**(556)**	**(556)**
At 31 March 2017	**12,118**	**2,500**	**(13,014)**	**1,604**

Aortech International Plc.
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of compliance

The financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The Company has elected to adopt the standard for the year ended 31 March 2017.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 101. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, share based payments, fair value measurements, comparative reconciliations for tangible and intangible assets, standards not yet effective, related party transactions with other wholly-owned members of the Group and key management personnel compensation. Equivalent disclosures are, where required, given in the Group accounts of AorTech International plc. The Group accounts of AorTech International plc are available to the public.

The financial statements have been prepared on the historical cost basis.

Going concern

After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts for a period to 31 March 2023, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the parent company has sufficient resources to continue in operational existence for the foreseeable future. For this reason the Directors consider the adoption of the going concern basis in preparing the parent company financial statements is appropriate.

Use of key accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Sources of estimation uncertainty

- amortisation rates are based on estimates of the useful lives and residual values of the assets involved
- bad debt provisions are based on the likely recoverability of such balances.

Investments

Investments held as fixed assets are stated at cost less provision for impairment. In the opinion of the Directors the value of such investments is not less than that shown at the balance sheet date.

Deferred tax

Deferred tax is recognised (on an undiscounted basis) on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Aortech International Plc.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Share based payments

All share based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

Debtors

The amounts owed by Group undertakings are in respect of long term loans and have been treated as part of the net investment in the foreign entities, and included within debtors due in greater than one year. These balances have been treated as monetary assets and retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on these loans are taken into account in arriving at the operating result. The recoverability of these balances is reassessed at each balance sheet date, with an impairment provision recorded when considered necessary.

Intangible assets

Patents and trademarks (intellectual property) are included at cost less estimated residual amount and are amortised on a straight line basis over their remaining useful economic lives of 20 years, which corresponds to the lives of the individual patents. Some of these assets were transferred from the Australian subsidiary in 2011 at an independent valuation of £4,777,000 which has been used as deemed cost for these assets in the UK. Costs incurred in validating the Company's polymers for manufacture on the Company's behalf by Biomerics LLC are being amortised over 5 years.

2. INTANGIBLE ASSETS

Cost	Intellectual Property £000	Development costs £000	Total £000
At 31 March 2016	4,929	314	5,243
Additions for the year	-	-	-
At 31 March 2017	**4,929**	**314**	**5,243**
Amortisation			
At 31 March 2016	3,260	95	3,355
Charge for the year	543	62	605
At 31 March 2017	**3,803**	**157**	**3,960**
Net book value			
At 31 March 2016	1,669	219	1,888
At 31 March 2017	**1,126**	**157**	**1,283**

3. FIXED ASSET INVESTMENTS

	2017 £000	2016 £000
Investment in subsidiary undertakings		
Cost		
Historical cost	**23,159**	23,159
Provision for impairment	**(23,159)**	(23,159)
Net book value at 31 March	**-**	-

Interest in subsidiary undertakings

Name of undertaking	Country of registration or incorporation	Description of shares held	Proportion of nominal value of shares held %
(i) AorTech Biomaterials Ltd	Scotland	Ordinary £1	100
(ii) AorTech Critical Care Limited	Scotland	Ordinary £1	92
(iii) AorTech Heart Valve Technologies Ltd	Scotland	Ordinary £1	100
(iv) AorTech Biomaterials Pty Limited	Australia	Ordinary Aus $1	100
(v) AorTech Polymers & Medical Devices, Inc	USA	Common US $1	100
(vi) River Clyde Marine, Inc	USA	Common US $1	100

The principal business activities and country of operations of the above undertakings are:

(i) A non-trading company in the UK

(ii) A dormant company in the UK

(iii) A non-trading company in the UK

(iv) Ceased operations and placed into voluntary liquidation during year ended 31 March 2013

(v) Ceased operations and placed into voluntary liquidation during year ended 31 March 2014

(vi) Research into marine applications for biostable polyurethanes

Aortech International Plc.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. TRADE AND OTHER RECEIVABLES

Current	2017 £000	2016 £000
Trade receivables	**102**	17
Other receivables	**11**	12
Prepayments and accrued income	**199**	140
	312	169
Non current		
Amounts owed by Group undertakings	**3,955**	3,955
Less: Provision*	**(3,955)**	(3,955)
	-	-

*A cumulative impairment charge of £3,955,000 as at 31 March 2017 (31 March 2016: £3,955,000) has been made to fully provide against the remaining amount of the inter-company loan account due as at 31 March 2017 to AorTech International plc by its American subsidiary, AorTech Polymers & Medical Devices, Inc. A provision of £359,000 (2016: £322,000) was recognied against trade receivables.

Included in the above is £176,000 (2016: £133,000) of accrued income.

5. TRADE AND OTHER PAYABLES

	2017 £000	2016 £000
Trade payables	**7**	8
Accruals and deferred income	**75**	107
	82	115

Included in the above is £6,000 (2016: £6,000) of deferred income.

6. SHARE CAPITAL

See Note 17 in the Consolidated financial statements which details the number of shares in issue at each period end and movements in the period. The nominal value of all shares in issue at 31 March 2017 is £12,118,000 (2016: £12,118,000).

7. DIRECTORS AND EMPLOYEES

The Directors are the only employees of the parent company. Disclosure of their emoluments is given in the audited section of the Report of the Remuneration Committee on page 10.

8. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS 101.8 from disclosing transactions with its wholly owned subsidiaries. There were no related party transactions during the year with non fully owned subsidiaries.

Aortech International Plc.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the twentieth Annual General Meeting of AorTech International Plc will be held in the offices of Kergan Stewart LLP, 163 Bath Street, Glasgow G2 4SQ on Wednesday, 27 September 2017 at 11:00am for the purpose of considering and if thought fit passing the following resolutions, numbers 1 to 6 as Ordinary Resolutions and number 7 as a Special Resolution:

AS ORDINARY BUSINESS

1. To receive and adopt the financial statements of the Company for the year ended 31 March 2017 together with the Strategic Report and the Reports of the Directors and Auditor thereon.
2. To approve the Report of the Remuneration Committee for the year ended 31 March 2017.
3. To re-elect W Brown, who is retiring by rotation.
4. To elect as a Director John McKenna, who was appointed a Director on 31 October 2016.
5. To re-appoint Grant Thornton UK LLP as auditor of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

6. The Directors be hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £92,628 (representing approximately one third of the Company's issued ordinary share capital) which authority will expire at the conclusion of the next Annual General Meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry and the Directors may allot such securities in pursuance of such offer or agreement as if the authority so conferred had not expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act but without prejudice to any allotment of shares or grant of Rights already made or agreed to be made pursuant to such authorities.

To consider, and if thought fit, pass the following resolution as a Special Resolution:

7. That subject to the passing of Resolution 6 above as an Ordinary Resolution, the Directors be and are hereby empowered until the conclusion of the next Annual General Meeting of the Company ("the period of the Section 570 power"), pursuant to Section 570 of the Act to allot equity securities (as defined by Section 560 of the Act) pursuant to the authority granted by Resolution 6 above in accordance with Section 551 of the Act as if Section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with or pursuant to an offer by way of rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territories or requirements of any recognised regulatory body or stock exchange in any territory;

(b) the allotment of equity securities pursuant to the terms of any share scheme for Directors and employees of the Company and/or its subsidiaries approved by the shareholders of the Company in general meeting; and

(c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities having a nominal amount or giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £13,894 (representing approximately five per cent of the issued ordinary share capital of the Company), or if less, five percent of the issued Ordinary share capital of the Company from time to time; but so that this power shall allow the Company to make an offer or enter into an agreement before the expiry of the period of the Section 570 power which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred thereby had not expired. This resolution revokes and replaces all unexcercised powers previously granted to the Directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any such allotment of equity securities made or agreed to be made pursuant to such authorities.

BY ORDER OF THE BOARD:

J C D PARSONS *ACIS*
Company Secretary
Weybridge
Surrey KT13 9LZ

1. Members will only be entitled to attend and vote at the meeting if they are registered on the Company's register of members at 6:30pm on 25 September 2017 or by 6.30pm two days prior to the date of any adjournment of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6:30pm on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Any member of the Company who is entitled to attend and vote at the Annual General Meeting may appoint another person or persons (whether a member or not) as their proxy or proxies to attend, speak and vote on their behalf. To be valid, Forms of Proxy must be lodged with the Company's Registrars, Equiniti Limited, Aspect House, Lancing, West Sussex, BN99 6DA not later than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting together with any documentation required. In the case of a corporation, the Form of Proxy should be executed under its common seal or signed by a duly authorised officer or attorney of the corporation. Details of how to appoint the Chairman of the Meeting or another person as your proxy or proxies using the proxy form are set out in the notes to the proxy form together with details as to how to change or teminate proxy appointments. A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for or againsat a resolution. If no voting indication is given your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.

3. Completing and returning a Form of Proxy will not prevent any member from attending the meeting in person and voting should they so wish. Any member or his proxy attending the meeting has a right to ask any question at the meeting relating to the business of the meeting.

4. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available at https://www.euroclear.com/site/public/EUI). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Equiniti Limited (CREST Participant ID RA19), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning particular limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Aortech International Plc.

NOTICE OF THE ANNUAL GENERAL MEETING

6. As at noon on 5 August 2017 the Company's issued share capital comprised 5,557,695 ordinary shares of £0.05 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at noon on 5 August 2017 is 5,557,695.

7. The following documents will be available at the office of the Company on any weekday (except Saturday) during normal business hours from the date of this notice until the date of the Annual General Meeting:
   (a) A copy of the service agreement for the Executive Director.
   (b) A copy of the letters of appointment for the Non-Executive Directors.
   (c) The Memorandum and Articles of Association of the Company.
   These documents will also be available for inspection during the Annual General Meeting and for at least fifteen minutes before it begins.

8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

9. If you have any general queries about the meeting please contact the Company Secretary at david@aortech.net or by calling on 01932 252123. You may not use any electronic address provided either in this notice of meeting or any related documents (including the Form of Proxy) to communicate for any purposes other than those expressly stated.

AorTech International plc
Level Two Springfield House 23 Oatlands Drive
Weybridge Surrey KT13 9LZ

tel: +44 (0) 1932 252 123
fax: +44 (0)1932 251 113
web: www.aortech.net
email: info@aortech.net